

Message Text

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DRAFTED BY STR:MPOMERANZ/DLF

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TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS:ETRD

SUBJECT: INDONESIAN INVOLVEMENT IN QUININE TRADE

1. PROMPTED BY AN INQUIRY FROM CONGRESSMAN MCCORMACK, WE ARE INVESTIGATING THE RELATIONSHIP BETWEEN SUBSTANTIAL INCREASES IN U.S. PRICES FOR QUINIDINE DRUGS AND THE INVOLVEMENT OF INDONESIA, AND OTHER MAJOR SUPPLIERS, IN THE CINCHONA BARK AND QUININE BUSINESS.

2. THE INFORMATION WE HAVE IS THAT INDONESIA HAS NATIONALIZED ALMOST ALL OF CINCHONA PLANTATIONS AND CONTROLS EXPORTS THROUGH A GOVERNMENT-OWNED COMPANY. IN ADDITION, INDONESIAN LAW REPORTEDLY FORBIDS EXPORT OF THE BARK, REQUIRING IT BE PROCESSED DOMESTICALLY INTO QUININE DRUGS. ADDITIONALLY, THE OFFICIAL GOVERNMENT PRICE FOR QUINIDINE SULFATE HAS REPORTEDLY RISEN IN THE LAST YEAR FROM DOLLARS SEVENTY TO DOLLARS NINETY PER KILOGRAM.

3. EMBASSY IS REQUESTED TO VERIFY ACCURACY OF ABOVE INFORMATION AND SUPPLEMENT IT WITH ANY OTHER INFORMATION

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WHICH WOULD BEAR ON THE ISSUE. MORE PARTICULARLY, DOES

INDONESIAN LAW REQUIRE DOMESTIC PROCESSING THROUGH THE QUINIDINE STAGE OR ONLY THROUGH THE QUININE STAGE? IF THE MARKET IS AS CONTROLLED AS IT APPEARS TO BE, IS INDONESIA WORKING WITH OTHER MAJOR SUPPLIERS TO EFFECT HIGHER PRICES?

4. EMBASSY WILL RECALL THAT SECTION 108 OF THE NEW TRADE ACT SPECIFICALLY STATES THE NEGOTIATING OBJECTIVE OF ASSURED ACCESS TO SUPPLIES OF COMMODITIES WHICH MUST BE OBTAINED FROM ABROAD. THE INFORMATION REQUESTED WILL BE USEFUL IN DETERMINING NATURE OF A REQUEST WHICH MIGHT ULTIMATELY BE MADE OF INDONESIA IN THE MTN. KISSINGER

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